

1. Consider the following data from the town of Vikingville:

Table 1: Quantity and Price of Goods Produced in Vikingville						
	2003		2004		2005	
Product	Price (\$)	Quantity	Price (\$)	Quantity	Price (\$)	Quantity
Horned Helmets	10.00	20	14.00	18	15.00	22
Spears	5.00	80	7.00	75	8.00	100
Long Boats	100.00	4	120.00	3	125.00	5
Shields	20.00	50	30.00	50	35.00	55

- Find Nominal GDP for each of the three years.
- Find Real GDP for each of the three years using 2004 as the base year.
- What is the GDP deflator (2004 as base year) for each of the three years given?
- Clearly, when one chooses a base year other than 2004, the answers to parts b and c change. Does this represent a real change or an illusory one? Consider especially the case of the inflation rate.
- Were there any recessions in Vikingville over the time studied?

2. Consider the following information regarding the country of Vikingland. In 2001 Vikingland produced a nominal GDP of \$100 and a real GDP of \$125. The following year (2002) Vikingland produced a nominal GDP of \$120 and a real GDP of \$140. How much larger (in percentage terms) is the price level in 2002 relative to the price level in 2001?

3. The following is a table of CPI figures for Vikingtown between 2000 and 2004. The base year for these figures is 2001.

Year	CPI
2000	91
2001	100
2002	105
2003	109
2004	115

The mayor of Vikingtown is having trouble interpreting these numbers because it is the year 2005. Help him out by revising this table such that the base year is 2004 rather than 2001.

4. Consider the following data on American price indexes:

Year	Price Level
1997	159.1
1998	161.8
1999	168.8
2000	174.5

At the beginning of 1997, I purchased 100 shares of IBM for \$103 per share. At the end of 2000, IBM was selling for \$112 per share. Was this a good deal for me? Why or why not?

5. Vikingburg has a population of 1,000,000. Of these people, 120,000 are children, 20,000 are full time students, 300,000 work part-time, 11,000 are unemployed, 150,000 are retired, and the rest work at full time jobs. What is the unemployment rate in Vikingburg?